

Message Text

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USEEC

E.O.11652: N/A
TAGS: ENRG, EEC
SUBJECT: US/EC CONSULTATIONS: EC BRIEF FOR ENERGY
-- DISCUSSIONS
REF: BRUSSELS 8629
1. AN EC COMMISSION OFFICIAL HAS GIVEN US IN CONFIDENCE
A COPY OF THE BRIEFING PAPER ON ENERGY POLICY PREPARED BY
THE DIRECTORATE GENERAL FOR ENERGY (DG-XVII) FOR THE US/EC
CONSULTATIONS MAY 25-26. THIS PAPER IS REPEATED IN FULL
BELOW: BEGIN TEXT:
2. BRIEF FOR DISCUSSIONS ON ENERGY POLICY
A BACKGROUND BRIEF ON THE ENERGY SITUATION AND POLICIES
OF THE USA AND THE EEC IS ATTACHED. PARTICULAR TOPICS
WHICH COULD BE DISCUSSED ARE AS FOLLOWS:

(I) WORLD ENERGY PROSPECTS
THE IMMEDIATE WORLD ENERGY SITUATION POSES NO PROBLEMS;
SUPPLY (PARTICULARLY OF OIL) IS ABUNDANT, AND WORLD OIL
PRICES RELATIVELY STABLE. OPEC HAS AVOIDED AN OPEN SPLIT,
ALTHOUGH THERE HAVE BEEN INTERNAL DISSENSIONS. HOWEVER,
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THE COMMISSION'S VIEW REMAINS THAT WE FACE THE DANGER THAT
PROJECTED OIL DEMAND IN THE 1980'S WILL LEAD TO STRONG
RENEWED PRESSURE ON WORLD OIL PRICES--WHICH COULD HAVE
SERIOUS EFFECTS, UNLESS DETERMINED ACTION ON ALTERNATIVES
TO OIL CONSUMPTION ARE TAKEN NOW (CONSERVATION, COAL,
NUCLEAR, NEW SOURCES). DOES THE USA SHARE THIS BASIC
DIAGNOSIS? WHAT IS THE USA'S VIEW OF THE FUTURE DEVELOP-

MENT OF OPEC AND OF ITS LIKELY PRICING POLICY?

(II) WESTERN INDUSTRIAL SUMMIT

ENERGY POLICY WILL PROBABLY BE A MAJOR POINT AT THE SUMMIT.

THE USA'S LIKELY APPROACH TO THE SUBJECT IN THAT FORUM

COULD BE USEFULLY DISCUSSED. THE COMMISSION'S LINE AT THE

SUMMIT MAY BE:

A) EFFORTS BY THE INDUSTRIALIZED COUNTRIES IN THE ENERGY FIELD (PRODUCTION, CONSERVATION, OIL IMPORT LIMITATION)

HAVE BEEN INADEQUATE;

B) CAN FIRM COMMITMENTS ON OIL IMPORT LIMITS (THE COMMISSION IS PROPOSING 500 M. TONS P.A. BY 1985 FOR THE COMMUNITY) BE AGREED AND FIRMLY IMPLEMENTED?

C) WHAT CAN BE DONE TO ACCELERATE THE CONTRIBUTION OF NEW SOURCES AND OF COAL?

D) MEANS OF BREAKING THE LINK BETWEEN ECONOMIC AND ENERGY GROWTH SHOULD BE STUDIED URGENTLY; "THE LOW ENERGY GROWTH SOCIETY" NEED NOT ENTAIL LOW ECONOMIC GROWTH--BUT WILL INVOLVE STRUCTURAL ECONOMIC CHANGE, AND WILL HELP THE DEVELOPING COUNTRIES. WORK IN THE UN ON THE DEVELOPING COUNTRIES' ENERGY PROBLEMS SHOULD BE ENCOURAGED.

E) THE POSSIBILITY OF ESTABLISHING A PERMANENT WORLD REVIEW OF OIL SUPPLY AND DEMAND SHOULD BE CONSIDERED, INVOLVING PRODUCERS, CONSUMERS AND THE DEVELOPING COUNTRIES.

(III) USA ENERGY POLICY

WHAT IS THE LATEST POSITION ON THE PASSAGE AND IMPLEMENTATION OF THE ENERGY POLICY?

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TION OF THE US ENERGY BILL? WHAT ARE THE LIKELY ENERGY EFFECTS OF THE SORT OF LEGISLATION WHICH MAY NOW EMERGE? IN PARTICULAR, TO WHAT EXTENT CAN THE CARTER TARGETS FOR 1985 OF REDUCING OIL AND OIL PRODUCT IMPORTS TO 300 M. TONS P.A. (PRESENT LEVEL, 450 M. TONS), AND OF DOUBLING COAL PRODUCTION, NOW BE ACHIEVED? WHAT IS THE ADMINISTRATION'S LATEST THINKING ABOUT THE CRUDE OIL IMPORT LEVY WHICH HAS BEEN SUGGESTED IF CONGRESS FAILS TO PASS A CRUDE OIL TAX?

(IV) EEC POLICY

THE COUNCIL WILL MEET ON THE 30TH MAY, TO CONSIDER A PACKAGE OF MEASURES INCLUDING: SUPPORT FOR COAL-BURN INVESTMENT AND FOR INTRA-COMMUNITY COAL TRADE; SUPPORT FOR HYDRO-CARBON EXPLORATION, FOR ENERGY SAVING DEMONSTRATION PROJECTS, AND FOR THE EXPLOITATION OF NEW SOURCES; MEASURES TO HELP THE REFINERY INDUSTRY; AND A RESOLUTION INCORPORATING THE PROPOSED 500 M. TON OIL IMPORT LIMIT. ACCEPTANCE OF THESE MEASURES WILL MARK REAL PROGRESS IN COMMUNITY POLICY MAKING.

(V) NUCLEAR

QUESTIONS SUCH AS INFCE, US NUCLEAR FUEL SUPPLIES AND THE NUCLEAR PROLIFERATION ACT, ARE COVERED IN A NOTE BY DG-XII.

SAFEGUARDS

BEYOND THE NORMAL INSPECTION EFFORT MADE UNDER THE EURATOM TREATY, A CONSIDERABLE NUMBER OF INSPECTIONS HAVE BEEN PERFORMED IN IMPLEMENTATION OF THE AGREEMENTS WITH IAEA.

133 INDIVIDUAL FACILITY ATTACHMENTS (F.A.'S) HAVE BEEN AGREED WITH IAEA AND WILL ENTER INTO FORCE, ON A ROUTINE BASIS, ON 1ST JUNE. SOME ADDITIONAL F.A.'S WILL PROBABLY BE AGREED BY THE BEGINNING OF JUNE AND THE END OF JULY. THESE F.A.'S WILL IN PARTICULAR COVER SOME SENSITIVE

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INSTALLATIONS AND COMPLETE THE SPECTRUM OF PLANT CATEGORIES FOR WHICH F.A.'S HAVE BEEN AGREED UPON WITH VIENNA. ALL THE REMAINING F.A.'S SHOULD BE FINALIZED BY THE END OF SEPTEMBER.

PROGRESS ON THE IMPLEMENTATION OF THE SAFEGUARDS AGREEMENTS WITH IAEA HAS MET SOME DELAYS FOR WHICH EURATOM CANNOT TAKE THE RESPONSIBILITY, SINCE THEY ARE DUE TO NEW FUNDAMENTAL POLICY DEVELOPMENTS CONCERNING SHORT DETECTION TIMES AND THE RELATED QUANTITIES OF NUCLEAR FUEL INVOLVED. IN THIS RESPECT WE ARE GRATEFUL TO THE US FOR THE SUPPORT THAT EURATOM HAS RECEIVED FOLLOWING SOME UNJUSTIFIED ASSERTIONS BY THE USSR. ON THE OTHER HAND ACTUAL INSPECTION EXPERIENCE HAS TO BE GAINED BEFORE WE ENTER INTO FORMAL COMMITMENTS ON NEW STRINGENT REQUIREMENTS, INCLUDING SHORT DETECTION TIMES.

IT WOULD THEREFORE BE USEFUL TO KNOW WHAT VIEWS THE US NOW
HAVE ABOUT THE PRACTICABILITY AND EFFECTIVENESS OF SHORT
DETECTION TIMES. END TEXT. HINTON

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